

Message Text

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PAGE 01 NEW DE 10410 01 OF 02 231052Z
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INFO AMEMBASSY DACCA
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C O N F I D E N T I A L SECTION 1 OF 2 NEW DELHI 10410

LIMDIS

E.O. 11652: GDS
TAGS: EAID, IN, BG, NP
SUBJECT: EASTERN WATERS STUDY

REF: STATE 162675

1. THE EASTERN WATERS ARE A REAL CONCERN FOR THE INDIANS, INVOLVING SUCH DIVERSE PROBLEMS AS CONTROLLING SILTING AND FLOODING AND HARNESSING THE RIVERS FOR HYDROELECTRICAL POWER AND IRRIGATION. BOTH THE PRIME MINISTER AND THE FOREIGN SECRETARY HAVE MENTIONED ASPECTS OF THE WATER PROBLEM TO THE AMBASSADOR IN RECENT CONVERSATIONS. THE ATTITUDE OF THE GOI TOWARD A MULTINATIONAL WATER DEVELOPMENT UNDERTAKING TO RESOLVE THESE PROBLEMS WOULD DEPEND, WE THINK, ON SEVERAL FACTORS. THE FIRST IS A SUCCESSFUL CONCLUSION TO THE NEXT STAGE OF THE ONGOING TALKS WITH THE BANGLADESHIS ON FARAKKA. THE SECOND IS THE MANNER IN WHICH THE IDEA OF SUCH AN UNDERTAKING IS PRESENTED TO THE INDIANS.

2. THE INDIAN COOLNESS LAST YEAR TO THE WORLD BANK OFFER TO FUND A COMPREHENSIVE STUDY AS AN INCENTIVE TO AN INDO-BANGLADESHI LONG-TERM SETTLEMENT OF THE GANGES PROBLEM WAS
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PAGE 02 NEW DE 10410 01 OF 02 231052Z

PROMPTED IN PARTICULAR BY THEIR SUSPICION THAT THE OFFER WAS PART OF AN OUTSIDE EFFORT TO BRING ABOUT A SOLUTION TO THE FARAKKA DISPUTE, AND IN GENERAL BY THE GANDHI GOVT'S INSISTENCE UPON CONSIDERING SUBCONTINENTAL PROBLEMS AS EXCLUSIVELY BILATERAL. THE INDIANS TOLD US IN DECEMBER THAT IN ITS BILATERAL DISCUSSIONS THE GOI WAS PREPARED TO EXAMINE ANY ALTERNATIVE FOR A LONG-TERM SOLUTION AND TO CONSIDER EXTERNAL PARTICIPATION IN INCREASING THE

FLOW OF THE GANGES. BUT THE GOI WOULD CONSIDER SUCH PARTICIPATION ONLY AFTER DATA HAVE BEEN COLLECTED AND A DECISION MADE BILATERALLY ON THE BEST LONG-TERM SOLUTION. INDIA WOULD BE WILLING TO ACCEPT WORLD BANK TECHNICAL ASSISTANCE IN EXAMINING ASPECTS OF A GIVEN PROPOSAL BUT WOULD NOT ACCEPT GIVING THE BANK OVERALL RESPONSIBILITY FOR STUDYING THE PROBLEM AND MAKING RECOMMENDATIONS. IN THE INDIAN VIEW, THIS IS PROPERLY THE ROLE OF THE CONCERNED GOVTS.

3. THE DESAI ADMINISTRATION HAS MADE A DECIDED EFFORT TO RESOLVE THE FARAKKA ISSUE, AND IN APRIL A "COMMON UNDERSTANDING IN PRINCIPLE" ON THE ALLOCATION OF THE LEAN-SEASON FLOW WAS REACHED. IT IS IMPORTANT TO NOTE, HOWEVER, THAT THIS UNDERSTANDING REMAINS AN ORAL ONE, THAT THE WEEK-LONG TECHNICAL-LEVEL TALKS HELD IN DELHI IN MAY DID NOT RESULT IN FURTHER AGREEMENT, AND THAT THE TALKS ARE TO RESUME IN Dacca JULY 28. THE FOREIGN SECRETARY INDICATED AMBASSADOR THAT INDIA HAD OFFERED SIGNIFICANT CONCESSIONS TO BANGLADESH AS TO THE AMOUNT OF WATER TO BE DIVERTED AT FARAKKA. ON THE WHOLE, HOWEVER, THE INDIANS HAVE BEEN EXTREMELY RETICENT IN DISCUSSING THE TERMS OF THE "UNDERSTANDING" AND THE CONTENT OF THE FOLLOWING TALKS. WHAT THEY HAVE TALKED TO US ABOUT IS THE NEED NOW TO REACH A LONG-TERM SOLUTION AS QUICKLY AS POSSIBLE, PRESUMABLY TO MAKE DOMESTICALLY PALATABLE THE SHORT-TERM AGREEMENT ON DISTRIBUTION. NEITHER THE INDIANS NOR BANGLADESHI DIPLOMATS IN DELHI CLAIM THAT THIS WILL BE AN EASY PROCESS, AND IN THEIR EXPRESSIONS OF SATISFACTION WITH THE PROGRESS TO DATE WE

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PAGE 03 NEW DE 10410 01 OF 02 231052Z

DETECT A CERTAIN UNEASE THAT THE UNDERSTANDING CAN BECOME UNSTUCK IF ANYTHING OCCURS TO DISRUPT THE PRESENTLY CORDIAL RELATIONS. THUS, THE FARAKKA DISCUSSIONS REMAIN SUBJECT TO A RESURGENCE OF THE MUTUAL SUSPICIONS, BOTH ON THE POLITICAL AND TECHNICAL LEVEL, THAT HAVE PLAGED THE TALKS OVER THE YEARS. RIGHT NOW, WHILE THE PARTIES ARE IN THE DELICATE AND POSSIBLY FINAL STAGES OF NEGOTIATION, ANYTHING WHICH ALTERS THE OBJECTIVE REALITY--AS OUTSIDE CONSIDERATION OF A MULTINATIONAL UNDERTAKING COULD IF IT BECAME KNOWN--MIGHT CAUSE EITHER PARTY TO CHANGE ITS NEGOTIATING POSITION.

4. IN THE BROADER VIEW, WE THINK THAT THE DESAI ADMINISTRATION WOULD BE INTERESTED IN A MULTINATIONAL WATER DEVELOPMENT UNDERTAKING, PROVIDED INDIAN AND OTHER REGIONAL NATIONS RETAINED SUFFICIENT CONTROL OF THE PLANNING AND EXECUTION OF THE PROJECT. THE MANNER IN WHICH THE PROPOSAL IS STAGED IN SOUTH ASIA MIGHT PROVE CRITICAL TO INDIAN ACCEPTANCE. THE GOI'S FOREIGN POLICY SEEKS

TO ASSURE THAT INDIA'S PREEMINENCE IN THE SUBCONTINENT IS BOTH MAINTAINED AND ACKNOWLEDGED INTERNATIONALLY. THERE IS IN THE FOREIGN POLICY OF THE JANATA GOVT AN EMPHASIS UPON FLEXIBILITY AND PRAGMATISM, BUT THERE IS ALSO AMONG ITS HIGHLY NATIONALISTIC

LEADERS A STRONG PREDILECTION FOR SELF-RELIANCE AND INITIATIVE, WITH COOPERATION WITH OTHERS BASED ON "NATIONAL AND MUTUAL BENEFIT".

5. FROM THE STANDPOINT OF ACCEPTABILITY TO INDIA, AN IDEAL SITUATION WOULD BE FOR THE INDIANS TO ANNOUNCE THAT THE GOI HAD BEEN IN CONSULTATION WITH THE

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PAGE 01 NEW DE 10410 02 OF 02 230501Z
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C O N F I D E N T I A L SECTION 2 OF 2 NEW DELHI 10410

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BANK IN REGARD TO THE POSSIBILITY OF THE BANK AND OTHER DONOR COUNTRIES SUPPORTING A PROPOSAL, TO BE WORKED OUT AMONG SOUTH ASIAN COUNTRIES, FOR THE COOPERATIVE DEVELOPMENT OF THE GANGES AND THE BHAMAPUTRA VALLEYS. THE GOI MIGHT SAY THAT AT AN APPROPRIATE TIME IT WOULD SUGGEST A CONFERENCE OF SOUTH ASIAN NATIONS DESIGNED TO EXAMINE FEASIBILITY STUDIES WHICH MIGHT BE FINANCED BY THE BANK. SUCH AN APPROACH WOULD ENABLE THE INDIANS TO MAINTAIN THEIR POSITION OF NEGOTIATING REGIONAL AGREEMENTS BILATERALLY WHILE GIVING THE BANK AN IMPORTANT ROLE. AN APPROACH OF THIS SORT, ONE THAT PLACED THE INITIATIVE WITH THE NATIONS OF THE REGION, WOULD BE CONSISTENT WITH THE CURRENT PRACTICE IN RELATIONS AMONG SUBCONTINENTAL STATES, WHICH WE SUPPORT, OF WORKING OUT THEIR PROBLEMS AMONG THEMSELVES. IT WOULD SERVE FURTHER TO AVOID THE JARRING EFFECT OF PERCEIVED MASSIVE OUTSIDE FORCES BEING BROUGHT TO BEAR UPON THE REGION.

6. WITH THE FINELY TUNED INDIAN ANTENNAE SEEKING ANY SIGNAL OF USG INTENTIONS TOWARD THE SUBCONTINENT, WE THINK IT ALMOST IN-

EVITABLE THAT MISUNDERSTANDING WILL OCCUR SHOULD WORD OF OUR
IN-HOUSE STUDY SURFACE PUBLICLY AS IT IS HIGHLY LIKELY TO DO.
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PAGE 02 NEW DE 10410 02 OF 02 230501Z

PRESS REPORTS COULD PROVE AN EMBARRASSMENT TO THE GOI, AND NOT ONLY
UNNECESSRILY HARM THE WARMTH AND OPENESS THAT HAVE CHARACTERIZED
OUR RELATINS WITH THE DESAI ADMINISTRATION BUT ALSO PREJUDICE
INDIA'S ATTITUDE TOWARD APOTENTIAL PROJECT. INDIA WISHES TO BE
CONSULTED AS A MAJOR STATE ABLE TO CONTRIBUTE TO THE RESOLUTION OF
IMPORTANT REGIONAL, AS WELL AS GLOBAL, ECONOMIC AND POLITICAL
PROBLEMS. INDICATIVE OF THE IMPORTANCE THE PRIME MINISTER ATTACHES
TO CONSULTATIONS WITH US IS HIS APPRECIATION OF THE PRIVATE
EXCHANGES WITH PRESIDENT CARTER. THE VALUE OF THAT PERSONAL
DIALOGUE RISKS BEING UNDERMINED IF THE PRIME MINISTER WERE TO LEARN
OF THE IN-HOUSE STUDY THROUGH REPORTS, POSSIBLY CRITICAL ONES, IN
THE PRESS.

7. CONSEQUENTLY, WE SUGGEST THAT THE EMBASSY BE AUTHORIZED TO
INFORM THE GOI OF THE NATURE OF THE INFORMAL STUDY NOW GOING
ON IN WASHINGTON AND TO ASSURE IT THAT ANY PROPOSAL WOULD BE
CARRIEDOUT IN A MANNER CONSISTENT WITH CURRENT PRACTICE IN
RELATIONS AMONG SOUTH ASIAN STATES. WE MIGHT SAY THAT WE WOULD
LOOK TO INDIA FOR LEADERSHIP IN NEGOTIATING THE INTERNATIONAL
AGREEMENTS WHICH WOULD BE REQUIRED SHOULD INITIAL INVESTIGATION
INDICATE THE FEASIBILITY OF SUCH A PROJECT. BY EMPHASIZING THE
PRELIMINARY NATURE OF OUR IN-HOUSE STUDY IN THE CONTEXT OF SEEKING
WAYS TO INCREASE OUR OVER-ALL ASSISTANCE TO DEVELOPING COUNTRIES,
WE WOULD AVOID AROUSING EXPECTATIONS ON THE INDIAN SIDE THAT
MIGHT LATER BE DISAPPOINTED. THUS, SHOULD THERE BE A LEAK, THE
PRIME MINISTER WOULD BE FOREWARNED AND IN A POSITION TO RESPOND
TO ANY DOMESTIC POLITICAL AND PRESS REACTIONS
GOHEEN

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